

2002 Economic Development Conference Post-Conference Report: August 28, 2002

2002



The Clark County Board of Commissioners hosted the **2002 Economic Development Conference** on May 22nd at the Red Lion Hotel at the Quay, Main Ballroom. Approximately 220 business, elected, and community leaders attended the conference. This report generally paraphrases what speakers said during the conference, with the exception of the keynote speech by Craig Berkman which is a verbatim transcript.

This report may be viewed on the Clark County website at <http://www.co.clark.wa.us>. Any questions or suggestions concerning this report may be directed to Kelly Sills, Policy Assistant, Clark County, by calling 360/397-2232, e-mail at kelly.sills@clark.wa.gov, or writing to P.O. Box 5000, Vancouver, WA 98666-5000.

Judie Stanton, Clark County Commissioner

Opening Statements (bulleted highlights)

- ◆ In my 2002 State of the County speech I said that economic development was the Board's number one priority this year, and probably beyond. Last year, Commissioner Morris made the same statement.
- ◆ Economic development has been a focus at our planning retreats for a number of years, especially the importance of having an adequate property tax base for our property tax-dependent jurisdictions like schools and fire districts.
- ◆ We've also talked about affordability of housing, not just buying a house, but continuing ability to operate it, having affordable tax rates for residents.
- ◆ That's the downside of having such a large number of our residents having to commute to Oregon for their jobs. This takes time away from their families during commute hours, and it also burdens them with an income tax by the State of Oregon that approaches 10%.
- ◆ We also discussed what is happening to our economic development opportunities as a result of the congestion on I-5, which is an international trade



Judie Stanton, Chair, Board of County Comm.

corridor of some significance. We find trucks having to compete with commuters for space on the interstate.

- ◆ One survey told us that 80% of the citizens here believe that we need to create more jobs in Clark County.
 - ◆ All of that has brought us to the focus that we need to put more emphasis on economic development.
 - ◆ There are several purposes for today's conference:
 1. Overview actions taken since last year's economic development conference.
 2. Discuss the economy of the greater Clark County region.
 3. Unveil the CREDC's economic development strategy for Clark County.
 4. Have a panel discussion about the strategy from the perspectives of governmental and business leaders.
- ◆ Last year's economic development conference was held with the public policy makers of Clark County, and we had just about every jurisdiction represented. At that conference we developed a public policy framework and that was the basis for the work that was done this year by CREDC.

Craig Pridemore, Clark County Commissioner

Actions Taken Since the 2001 ED Conference (bulleted highlights)

- ◆ As indicated by Commissioner Stanton, the 2001 conference began the process of getting Clark County more actively involved in economic development.
- ◆ If you look back historically at how the County has been involved in economic development, you notice two things:
 1. The County has had a very marginal role and we haven't been actively engaged in economic development.
 2. This led essentially to an uncoordinated vision for the community as a whole in identifying where we want to go with our economy.
- ◆ In 2001 some issues started coming to the fore that started raising economic development as a primary concern:
 1. First there was an economic slowdown in 2000.
 2. Continuing tax limitation measures approved by voters placing more of a strain on local jurisdictions, including Clark County, in providing services.
 3. The tax base was not very equally distributed across the county, such as some school jurisdictions which had very little tax base and that placed more pressure on homeowners.
- ◆ During the 2001 Board retreat the County Commissioners identified economic development as a priority going into the future. We wanted, first off, to identify the public concerns, what the community wanted to get out of the program, and then to identify which was the best group to lead that effort.
- ◆ Clark County has traditionally contracted with CREDC for its economic development services. We don't have a staff dedicated to economic development so we contract with CREDC and they do a great job representing the community in that effort.
- ◆ We called a summit together of policy makers last year to talk about our goals in economic development. There were five challenges we identified that needed to be addressed in moving



Craig Pridemore, County Commissioner

forward:

1. First, the community lacked that comprehensive, coordinated economic development vision. There wasn't any clear path about what we wanted to accomplish or where we needed to go.
 2. Number two is that we lacked sufficient economic development lands, industrial and commercial lands, to support the large preponderance of our lands based in housing.
 3. We lacked infrastructure. Not just roads, but sewer capacity, water capacity, electrical power.
 4. We had workforce development that was uncoordinated and not directed to complement and supplement economic development.
 5. And five, we had a lot of challenges with the permitting process. Federal regulations have had a tremendously greater impact on our permitting processes over the past few years, things that created a very elongated permitting process and stood in the way of economic development.
- ◆ We also identified some questions that we had, as a community and as public officials. What businesses did we want to attract to the community? Where did we want them to be located in the community? What do we need to do to attract them here?
 - ◆ So we've undergone, since that conference and in a lot of cases even before that, some initiatives in going forward, even lacking a strategic plan as will be presented today in draft form.
 - ◆ We need to create a chapter in our comprehensive plan that says this is the direction the community is going with economic development and bring everybody on board.
 - ◆ We have worked steadily and consistently to bring CREDC and other jurisdictions to the table to get them involved in partnering to create that comprehensive economic development vision.
 - ◆ Commissioner Morris had led an effort called the Revenue Roundtable which involves a lot of different jurisdictions coming to the same table and trying to eliminate some of the barriers to our cooperation.

Currently, a lot of jurisdictions focus on how they can get tax base support for our specific community rather than focusing on how to get support from everybody working in the same direction. The fact is that growth in any of our communities helps economic development in all of our communities and we need to work together to do that.

- ◆ We've also started some processes of working with our friends across the river in Oregon to get them supportive of our economic development goals.
- ◆ On the subject of land availability, as we move forward with the comprehensive plan update, we've taken a very liberal approach in our commercial and industrial land policies, making sure we have sufficient lands to meet the hoped for demand, but also making sure that they have enough land that they can choose from and pick what's best for their particular business.
- ◆ We've moved forward with some struggles on wetlands banking. This is probably the biggest moving target in the State right now, if not the nation, how we can go about taking low-quality wetlands, getting them out of the way of our economic development efforts, and placing them in areas where they have a greater benefit for flood control, water quality, and habitat survival.
- ◆ We've done a comprehensive review of our industrial zoning uses, the different types of developments that can be enacted on our industrial lands. That's going to continue because there are continuing efforts about what exactly we mean with industrial development. When we talk about industrial development, does that mean that nothing else can go on industrial land, or are there other kinds of uses, business park types of uses that could use industrial land and still provide a tax base and still provide good jobs for the community?
- ◆ We also looked at targeting our investments for infrastructure. Currently, as part of our comprehensive plan update, we contracted with David Evans who is looking at specific areas of the county and identifying what is needed to bring those areas up to prime development potential.
- ◆ We worked a lot on workforce development, shifting something that has been somewhat of a social service program over to be part of a strategic economic development focus. As of July 1st, the

workforce development council will be collocated with CREDC and other economic development people in the county to make sure that what we are training people for are the kinds of jobs we want to attract to the community and that we expect we will be able to attract.

- ◆ We also, through CREDC, completed a commuter survey. Right now we have a workforce between 60,000 and 65,000 that's going across the river. If we could identify jobs in Clark County that those people could fill, it's a very well trained, very competent workforce that we could have work closer to home.
- ◆ Beginning in 2000 we conducted a comprehensive permitting process audit review. We need to get all jurisdictions on board and working to make permitting not only quick, but also predictable, to know that at the end of the process you'll be allowed to get your permit and develop here in Clark County. There's a lot of money tied up in it and we need to give businesses the sense that that money is well invested and safe. One of the challenges to that, and the hardest challenge, is the environmental hurdles that have been added over the past several years. Those environmental hurdles are important, we don't want development to just happen, we want a good, clean environment. But we need to do some thinking out of the box, some creative things, in order to meet those environmental goals we have as a community and to help expedite and make more certain our economic development goals and vision.
- ◆ It is a fact that action in the public sector is slow. It takes a lot of time, and also it is not guaranteed to be successful as we move forward with an economic development process. What we can do is maximize our opportunities and that's what we're going to try to do. To maximize those opportunities it's going to require the public and private sectors working together on the same page. What we're here for today is to look at that page, to agree on the goals and the vision, and to get us all working together to accomplish the vision for this community's future.

Craig Berkman, Synectic Ventures LLC

Keynote Speaker (verbatim transcript)

Let's look at the realities that this county and this region face in the context of the global dynamics that have impacted us over the last 10 years. As we look back on the last five years of the 1990s it was probably one of the most dynamic and successful periods of growth in the history of the United States. The productivity gains that were brought about, primarily out of the technology sector, some of it, in retrospect, was driven by the unbelievable fear of Y2K. People who had titles that nobody had ever heard of before, called Chief Information Officers of Corporate 1000 or 2000 companies, almost had a blank check from their CEO or CFO to make sure that their company didn't go down as a result of Y2K problems.

In retrospect, three signature organizations in the U.S. economy thought that the whole thing was somewhat overblown. Namely, the U.S. military's Departments of the Army, the Navy, and the Air Force, who basically, their satellite systems didn't even pay a nit of attention to that. And they were down periodically for a couple of three hours after the century changed, and they're back up and running, thank you very much. And as a result, there are a lot of people today, as some of the leading publications in the country say, who got Excedrin headaches today as the economic engine of supposedly the productivity of Y2K and all the computers really are not looking as such a great investment in retrospect. But the stock was on a roll, Americans felt great, the new President was talking about taking and making Social Security like a 401K plan, and yet today, two or three short years later, the economy I think for a lot of us looks decidedly different.

I'm going to say something as a lifelong Republican that may surprise some of you, but I think economic historians are going to give President Clinton extremely high marks for the economy that he presided over in his

second term. In part, I think some of the credit needs to go to a Republican Congress that had some fiscal discipline, but the President, in this case President Clinton, also exercised great fiscal restraint in taxation over the last four years, having one of the most brilliant Secretaries of the Treasury, Bob Rubin, that presided over really, truly an economic renaissance for this nation.

Conversely, we are about to witness, in my view, perhaps Bush redux in the sense that this current President of the United States, much like his father, the 41st President of the United States, is presiding right now over some fiscal policies that, I would submit to you, will have some adverse impacts over Clark County and every other city and county in America, in that the fiscal discipline that was exhibited in Washington the last two years seems to have been thrown out with the focus on terrorism, which is an appropriate thing to be focused on, admittedly, but the runaway spending that you're going to see, and raw vote buying by both parties in the Congress and in this administration, is going to result, in my view, in a prolonging of this recession, and making things a lot more difficult as we try to compete worldwide.

So, it's in the context of, sort of, you know, some great years on the one hand, but frankly some very challenging years which are resulting now in not only federal

deficits, but deficits at the State level that we talk about how we grow the economy in this region, and particularly in Clark County.

Let me focus on three general areas. The first is jobs. How do you create a job? Well, frankly it's pretty rudimentary, but you need three ingredients to create a job. First of all you need top flight people, a trained workforce. You need some innovative ideas, whether they're in terms of value added products or services that the public will buy. And last, but not least, you need the capital to support the growth and the infrastructure to make that possible. And historically,



Craig Berkman, Synectic Ventures LLC

you know, we in the Northwest have been net importers of capital. We've had to usually bring capital in from other parts of the United States and the world to grow our jobs. And yet it's kind of ironic that two of the largest pools of capital in the western part of the United States reside with the public employees retirement system of the State of Washington and the public employees retirement system of the State of Oregon. They're both multi-billion dollar funds, but ask yourself the question, how much of those dollars are realistically invested pursuant to the prudent person, you know, kind of criteria using one's fiduciary responsibilities? How much of those dollars are basically invested in the place where they're generated?

“.....enormous amount of interest to those in the business community to go to places where you have a high quality of education and a commitment to education,.....”

I think if you do an analysis you'll be shocked to learn that a lot of our public moneys get invested through money managers and brokers and things, like, you know, growth funds in Latin America where I think the loss to the State of Oregon's pension fund last year was a hundred

million dollars. A variety of things that, somehow, look very, sort of, alluring because they are dealt with an arm's length transaction with money managers who give the political people some cover, and at the end of the day a lot of those dollars generated by the taxpayers, and supported by the taxpayers in the respective states, gets invested elsewhere.

I suggest that, maybe, in the context of looking at economic development, both at the State level and at the local level, we ask ourselves, are there better ways, more innovative ways, in the context of being a good fiduciary, that some of those dollars can be invested in the kind of infrastructure that's necessary to fundamentally create a climate in which job growth can occur?

The single most ingredient, in my view, in determining where jobs go and where jobs flee to, is the issue of taxation. Washington State, I think, is number seven now in slowing of taxes. You have a little up-tick, but it's not much. And Art Laffer who, sort of, covers these kind of macro issues for the country, says that the state

that's lowering taxes as a percent of one-thousand dollars of assessed valuation, more than any other state in the union, is the State of Idaho. Last year they lowered their tax rate about \$3.96 per thousand dollars in their state, where Arizona increased their taxes by almost four dollars per thousand dollars of valuation. So you have two states in the west, one of the biggest, one lowering the tax burden, and the other one increasing the tax burden. Washington State and Oregon seem to be sort of holding their own.

But, nevertheless, I would suggest to you that Clark County, and particularly Southern Washington, has an enormous advantage over the State of Oregon in job creation because of your tax policy here. Imagine if you live across that little river called the Columbia, to the south, and you're an employee of a corporation, you pay 9% to a black hole called Salem, Oregon in terms of a State income tax, but you in Washington State pay zero. If you live in the State of Oregon and you have a capital gain, whether it's the household that you invested in forty years ago, and you maybe exhausted the exemption the federal government gives you, and you sell the house, and you have this huge capital gain, you pay 9% to a black hole called Salem, Oregon, in the State of Oregon, but you pay zero in Washington State. If you have passive income in the State of Oregon, you're taxed at a 9% rate whether you make \$10,000 or more a year, and in the State of Washington you pay zero.

What am I saying? I'm saying an employer in Washington State can pay an employee basically 9% less wages, and that employee takes that much money home as if that person is working in Oregon. An enormous, an enormous I might say, tax advantage that people in Southwest Washington have over a lot of residents who look over here and say, you know, this is a very attractive tax environment. Indeed, a number of the most successful business people and entrepreneurs in Oregon, when they've gotten ready to sell their businesses in Oregon, frankly have moved to the State of Washington. It's not academic that the founder of Plaid Pantry, or the former chairman of the U.S. National Bank of Oregon, or the former head of Hyster, or Esco, or Cascade Corporations, there are five or six hundred “expatriates” from Oregon, primarily from the Portland area, who live in this area. They did so because of the tax policies that are here. And I would submit to you that if you're out talking to prospective new employers

to move into this area, you have an enormous advantage in job creation because of that tax policy.

Secondly, let's look at education. The Portland Public Schools will have the shortest school year of any public school system in the United States of America next year. The public schools of Oregon are in a real crisis. And yet if one looks at the public school system of Clark County, one is very much impressed by the continuing support of the people of this region for public education. It's indeed one of the fastest growing school districts, I believe the Evergreen School District, in the country.

And it is enormous amount of interest to those in the business community to go to places where you have a high quality of education and a commitment to education, because without a well trained workforce and people, even if they're not directly involved in the workforce, they're home and raising families, etceteras, they're a well educated population, it's of enormous consequence and interest to those who are making decisions as to where they're going to locate a new plant or facility. So again, the contrast between what is going on across the river, on the one hand, and what is going on here, is a decided advantage, in my view, as you look forward to how you enhance the quality of life and improve the economic environment in this county.

Third, let's take a look at the overall environment. Housing costs, clearly in Clark County, are less costly than in the Portland metropolitan area. There was a ballot measure that was voted on just yesterday in the Oregon primary where people are so concerned about some of the planning issues and the densities that the views of a lot a of reasonable people have artificially inflated the price of housing in the greater Portland metropolitan area, that the housing situation in Clark County, particularly for those who are renting, again is an enormous advantage and catalyst to attract people to live here as opposed to living across the river.

So, on the environment, whether it's housing, whether it's education, whether it's tax policy, it seems to me that there's a prescription that could lead to a lot of positive results if you can somehow get your arms around it, is what are those priorities and what are those kinds of industries that you would like to attract and encourage in this area? And let me suggest that you've got a unique opportunity to perhaps build an industry that is very much going to be in the forefront over the next 25 years as the result of a decision made

just a few months ago and it is now a matter of public record, with the decision of the Legacy health organization to make an enormous investment here in Clark County in a new medical facility

Health care is, far and away, the largest industry in the United States of America. Today about 17% of GNP is spent on health. I

can't think of a more powerful market dynamic than a desire to live, particularly to live a quality life. Most people are going to spend their last 'furthing,' or 'farthing,' depending on how you pronounce that,

whether you're from the east or from the west, I guess, on maintaining the quality of their life. And I think historians may look back on the first twenty years of the 21st century and say that molecular biology, unlike electronics, or metallurgy, or a lot of things that come from the land, may turn out to be the primary dynamic that drives innovation as we move forward into the 21st century. And as we, whether it's with respect to the human genome project, or better medical devices, or better diagnostic techniques, a whole variety of positive developments can come out of what I believe will be, and continue to be, a burgeoning health care industry. Admittedly, with lots of problems, but it is an industry in which the demographics of the country are playing into it as well as, obviously, a desire to live a quality life. Every five seconds in America today somebody turns fifty years of age. That's the traditional baby boomer generation. And a lot of those baby boomers are now the caregivers for some of their parents, many of whom are living to be in their 80s and 90s.

So this decision by Legacy has created, in my view, an opportunity to create a catalyst on furthering a medical device/biotechnology presence for Clark County, Washington. What is one immediate impact? It was alluded to by one of the immediately preceding speakers today. It's my understanding that hundreds of people who are residents of Clark County, who now work in the Oregon Health Sciences University, they commute across the river, they have that 9% taken out of their paycheck every month. You know, that's a highly qualified workforce. If I were the people at Legacy and I

"So this decision by Legacy has created, in my view, an opportunity to create a catalyst on furthering a medical device/biotechnology presence for Clark County, Washington."

were the people in Clark County, I would do everything I could to encourage those wonderful Washingtonians who have these skill sets to pay themselves twice: A, they don't have the commute, and B, they can work with a brand new medical facility just by staying here in Clark County. It's a win-win for Legacy because they've already got, thanks to the good men and women and educational training that's already here in Clark County, they got a great opportunity to hire skilled workers.

Conversely, that will also leave a hole at the Oregon Health Sciences University, an institution which yesterday, by an overwhelming vote of the people of the State of Oregon, will have general obligation bonds issued for a \$400 million initiative to increase their research facilities as they become more and more a national as well as regional medical institution which could work very closely with the medical providers, health care providers, here in Clark County to provide, truly, state-of-the-art quality care for everybody who lives in this region.

But there's also another benefit by Legacy making that decision. The most important inventions in medicine come from physicians or nurses. These are the men and women who see problems every day in the delivery of health care, and usually they have better ideas. And those better ideas, frankly, get translated into new products and services that drive the economy and create jobs. And let me just give you three examples. Most people don't realize this, this is just a little part of the globe, but the first heart valve ever designed in the world was designed by Dr. Al Starr, it was commercialized by the Edwards Laboratory. All of the theoretical work for balloon angioplasty, which is now something that a lot of even lay people are familiar with, was done by Dr. Charles Dotterer, which is the Dotterer Institute at the Oregon Health Sciences University. Tom Fogarty, graduate of the Oregon Health Sciences University, is probably one of the three or four most successful medical entrepreneurs of the world as a result of his invention of the Fogarty catheter and the commercialization of balloon angioplasty. The first kidney dialysis machine ever developed in the history of the world was developed by a little firm called Drake Wolloch, again a physician in St. Vincent's Hospital, or excuse me, Good Samaritan Hospital in Portland, and a fellow who didn't graduate from a college or university but had a really unique engineering set of skills by the name of Charlie Wolloch. And it can go, it goes on and

on and on.

Well, when you move an institution like Legacy into an area and you start employing the number of health care professionals that they have, there's an opportunity if the culture is created for innovation. And there ought to be real incentives to encourage those health care providers, if they've got a great idea, to have some support, not only within Legacy, but within the community, to take those ideas and to translate them into commercial products. And believe me, there is a



whole group of people, people I know very well in the venture capital world, who would be willing, more than willing to work in partnership to help sponsor and commercialize some of that research, and create not only great jobs, but enhance the quality of care for people. I believe that the medical device world, not just the biotechnology world, offers enormous opportunities for clean, environmentally safe industries that can be housed in relatively low-cost industrial parks in this region.

I'll tell you about a company I know something about because we're its largest shareholder. It very quietly moved here to Vancouver. It's just up the river here in the Schnitzer industrial park. It's a company called Endovascular Instruments. It's a company you might want to remember because it has a company, literally within the next five years, to have a market value of a couple billion dollars. I said, yes, the "B" word, billion dollars, in creating jobs for almost a hundred to two hundred people in this region.

What does that company do? It has a technology that removes plaque, or atheroma, that clogs the normal blood flow of vessels, and it's figured out a way to deal

with the holy grail of medicine called restenosis, which is a fancy medical term of how do you keep the vessel opened permanently once you've opened it up to restore normal blood flow. It's a problem that affects literally hundreds of thousands of people in the United States and Europe every year. It's technology is less invasive. It takes a procedure in one area called a femoral-popliteal bypass, reduces it from a three to four-day hospitalization to no hospitalization. It has in-line flow. It has much better patency. A whole variety of things. It has a new coronary stint that may deal with the problem of bifurcations in coronary vessels where, basically, clotting occurs. The Vice President of the United States is a poster child for that. Simple kinds of products.

What's part of their manufacturing process? They have some very highly precise mechanical parts that they have to assemble, so there's a machining capability. There's a materials technology in that they make PTFE, or in layman's terms, gore grafts that are sort of like Goretex. They go in and line a vessel post taking out the plaque. There's a manufacturing process and a know-how how to do that. Again, environmentally safe stuff that's been used and proven throughout the world. This is just one example of the kinds of companies that can be surrounding an institution like Legacy or others who are making capital investments to provide quality services in the region.

Finally, let me suggest, kind of in closing, that at the end of the day, having been an entrepreneur most of my life, the secret is, I believe, that half, the glass is half full. It isn't half empty, for some of the reasons I just suggested in summary form. But, in reality, without a vision, the good book says, people perish. And in some of the materials I've read, what you've done historically, and some of the comments today, there needs to be some way, some mechanism to form a consensus and pick one, or two, or three things that you think you can do well and stay focused on those. And you'll be amazingly surprised at the serendipitous effect that occurs once you've kind of honed in on what are the key elements to making this economic initiative that you're undertaking, and are continuing to refine, successful.

At the end of the day we live in an unbelievably important time in human history in which we have enormous assets at our disposal. When times get tough innovation usually goes up, it doesn't go down. You have

a very gifted number of people in the United States who don't depend on major universities or the R&D departments of large corporations to invent things. When you think about it, some of the most promising inventions that still occur today come out of single individuals who do something on their kitchen table or in the garage and come up with unbelievably remarkable ideas, when you would expect that after the hundreds of millions of dollars that we spend in our government laboratories, our universities and colleges, it doesn't all come from there. So, in this county, I am sure, maybe even in this audience, there are probably people who have some ideas. Maybe they've been a little timid in suggesting it to somebody, they might get sort of, you know, put down because it isn't completely developed. There's enormous capacity to do that here.

On balance we live in a part of the United States where health care is better provided for and we have more new innovations going on here than a lot of places, particularly east of the Mississippi River. I have a lot of friends back there and they always talk to me about how their houses are, you know, constructed in the 1600s, etceteras, and they call it patina and we kind of look at it and say, no, it needs some repair. We have some enormous advantages of being in the part of the world that we're in. And we have a history and we have some tradition in this region of working together.

The State of Oregon, frankly, where I've spent most of my life and went to school, has got some systemic problems that Washington State does not have. And they're major problems and partisan politics is not going to solve it. And where they're trying to dig out from some of those problems you have an opportunity, not in the sense of being adversarial, but because of some of the focused areas that they're going to have to deal with it provides, in my view, an enormous opportunity here in Clark County for you to prosper and grow.

So thank you for the privilege of letting me flap my lips at you for a few minutes this morning and if there's an opportunity to answer a question or two, or have you tear me apart, I'll be happy to do that as well.

Thank you.



Bart Phillips, President, CREDC

Unveiling of CREDC Economic Development Strategy (bulleted highlights)

- ◆ Over 30 people participated on a task force to develop the strategy, and it is their collective thoughts on what they think is the best economic strategy for Clark County.
- ◆ Last year there was a lack of a shared vision of what the future economy of Clark County needed to look like.
- ◆ Strategy will create a foundation for CREDC's activities and extrapolating the trends. The full strategic report is available at <http://www.credc.org>, and includes a long list of appendices.
- ◆ Strategy will inform the GMA planning process as to the direction needed for a sustainable economy.
- ◆ Developed and revised numerous drafts, and was adopted by CREDC Board on May 9, 2002.
- ◆ CREDC's vision of the future economy in Clark County:
 - a. Defined as much by style and process as it is by substance.
 - b. Jobs at a rate in excess of population growth (needed to maintain a healthy community).
 - c. Focused on emerging industry clusters that depend on a knowledge-based workforce. For example, bioinformatics and biotechnology. We also need to build on the nodes of growth that came here during the 1990s.
 - d. Nodes of growth including "The Discovery Corridor" (generally along I-5 between La Center to the north and Salmon Creek/WSU Vancouver to the South). The Discovery Corridor will be an area of future high-tech growth for Clark County.
 - e. Mix of businesses and industry clusters with countervailing economic cycles. As we grow technology industries here we need to pay attention to the mix within that sector and their cycles.
- ◆ Our future economy is going to be defined as much by how we do it as what it is.
- ◆ Strategic advantages in Clark County are the same ones that fueled our growth during the 1990s:
 - a. Location in the Portland metropolitan market.

- b. Industrial land inventory (we have the most, but not enough in the Portland market)
- c. Existing industry clusters are very strong and we seek to grow those.
- d. Labor force: 60,000 workers going to Oregon have indicated they would be likely or very likely to take a job within the County to avoid the commute and to take advantage of the 9% income tax advantage.
- e. Quality of life closes the deal.



High-density, mixed-use shoreline development

- ◆ Underlying tenets for our new economy:
 - a. There is a mistaken perception that we are economically competing with Portland. I don't think that should be our focus. Southwest Washington is competing globally, not locally, for investment. We're competing with places such as Shanghai as much as Portland.
 - b. Economic growth is equally dependent upon supporting growth of existing businesses as well as recruitment. We're not all about recruitment or retention, we're all about both.
- ◆ Seven goals for economic vitality:
 - 1. Continue to identify and refine targeted industries to guide public policy, infrastructure development, workforce training, and other economic development initiatives. Examples of targeted industries:
 - » Semiconductor and electronics manufacturing
 - » Telecommunications
 - » Life Sciences
 - » Healthcare
 - » Distribution

- » Knowledge-Based Industries
 - » Expansion of Locally-Owned Businesses
- There are three identified trends that will fuel the new economy: (1) deepening of the Internet and communications technology; (2) convergence of biotechnology and information technology (bioinformatics); and (3) commercialization of nanotechnology and micromachining. Those will drive the growth of our businesses here. We're going to have to stay focused on existing businesses, on recruitment, and we're going to have to increase the public sector investment in recruitment as well as that which is contributed by existing businesses.
2. Create an environment conducive for the startup, growth, and expansion of high-technology industries. We need to create a targeted industries advisory committee to work with our institutions of higher education. We need to promote increased research and development at WSUV, and we're recommending that they develop an industrial park to serve as an anchor for new businesses.
 3. Develop an industrial land base conducive to the recruitment of targeted industries and the expansion of existing businesses. One of the challenges we have is that a lot of our industrial lands inventory is not necessarily ready as far as development, nor is it what the market is looking for as far as the types of businesses we need. We need to use some mechanisms to aggregate smaller parcels into larger developable lands for targeted industries, and we'd like to look at some public mechanisms. We also support and urge the County to move forward with establishing urban land banks for targeted industry clusters.
 4. Expand public infrastructure to allow for the timely development of industry clusters. If we want to plan growth, direct growth, then we need to do make some pre-investment in infrastructure to make industrial lands ready. This will be very difficult given the constraints on public resources, but if we want to be successful we're going to have to move in that direction.
 5. Increase the competitiveness of Clark County for

business locations and expansions of existing business by increasing the efficiency and timeliness of the development process to match market demands. This can be boiled down to a very simple message: 60-day permit processing. If we want to be competitive in locating businesses here in Clark County, we need to match the market demand for 60-day permit processing for targeted industries, and 90-days for all businesses. It's a very difficult target for us to reach, but if we want to be competitive we have to go there. This will be one of our number one priorities to see if we can get there over the next couple months.

6. Remove the constraints for the development of existing industrially zoned properties to allow for efficient development patterns, such as environmental constraints. Removing those constraints is beyond the capabilities of the private sector. The public sector needs to take the lead in helping to remove those constraints (such as a publicly owned wetland banks and other techniques).
7. We need to integrate Clark County into the broader Portland metropolitan economy by reducing barriers to regional growth and increasing metropolitan cooperation. We need to reach out and cooperate on implementation of I-5 corridor improvements, as well as regional marketing.

◆ Next steps:

- a. CREDC will incorporate the plan into its work program. Implementation is where the work really starts.
- b. The strategy has been forwarded to the county for its information and consideration in the GMA process.

◆ Thanks to the Board of County Commissioners for asking CREDC to develop the economic strategy.

◆ The decade of the 90s was rather phenomenal here in Clark County. Our challenge is how to continue that and ensure that future development is beneficial to the community.

Economic Development Conference

2002

Reaction Panel:

- Scott Campbell, Columbian Newspaper
- Mark DeVito, nLight Photonics
- James Farley, Kaiser Permanente
- Betty Sue Morris, Clark County Commissioner
- Craig Pridemore, Clark County Commissioner
- Robin Pollard, State of Washington

Reaction to CREDC's Economic Development Strategy (bulleted highlights)

- ◆ Members of the Reaction Panel: Scott Campbell (CEO, Columbian Newspaper; moderator), Craig Pridemore (Clark County Commissioner), Betty Sue Morris (Clark County Commissioner), Robin Pollard (Director of Economic Development Division, State Office of Trade and Economic Development), James Farley (Area Administrator, Kaiser Permanente), and Mark DeVito (Vice President, nLight Photonics).
- ◆ Following are primary themes which arose during the Reaction Panel discussion:
- ◆ It's a great plan with a lot of potential!
- ◆ The strategy is a continued evolution of our economic growth. It is not revolution. We're not breaking into new areas, and hopefully our discussion today will identify some opportunities for revolution.
- ◆ The entry of Legacy certainly does open up the whole field for us, and that field tends to employ the whole range of wages and skill levels.
- ◆ Overall positive reaction to the strategy's focus on family-wage jobs.
- ◆ Need to be cautious about the frequently repeated request for public investment in infrastructure. Because of the county's tax constraints the public sector has almost no resources to investment in infrastructure.
- ◆ Tax increases are at cross-purposes with businesses, because businesses don't want to pay more taxes. And yet the reason for public investment in infrastructure is so the county can receive more



Betty Sue Morris, County Commissioner

taxes so it can provide more services. The real estate excise tax is a potential new source for funding infrastructure.

- ◆ The strategy needs to emphasize a four-year university at the WSUV campus here.
- ◆ There's a new goal 8 in the strategy which focuses primarily on the City of Vancouver. This might need a little bit of adjustment so that other communities aren't left as "also rans."
- ◆ The Discovery Corridor approach received significant support. To develop opportunities north of the Salmon Creek junction then the county needs to be able to take advantage of I-5 north, an existing infrastructure investment, without developing a whole lot more.
- ◆ Questions surrounded the idea of eliminating concurrency requirements for business only.
- ◆ Don't displace jobs in the residential development sector in our zeal for commercial and industrial development.
- ◆ Property tax limits have curtailed local government's ability to raise money through property tax, and sales tax is the more promising growth area.
- ◆ Underscored principles included public sector leadership, maintaining a limited focus, don't try to be all things to all people, be prudent on the investment of resources, use collaborative partnerships that would include the State, regionalization as part of the broader Portland metropolitan area, the ability to respond to permit requests quickly, paying attention to existing businesses, and focusing on clusters which can help focus infrastructure investments.
- ◆ Many elements in the strategy represent a standard of excellence the State is trying to achieve in all communities.
- ◆ The largest barrier to quick permit processing has to do with environmental constraints. The county can speed up permit processing timeframes by doing environmental and SEPA processes up front, with up front investment and risk-taking.

- ◆ The county has very few resources available that it can tap and we need to recognize that and take those discretionary resources that we do have and direct them toward the economic development goal.
- ◆ We need to increase the size of the pie through business expansion. The business community has stepped up to the plate and supported tax measures that are important to economic development.
- ◆ A public-private partnership, coupled with this report and actions already taken by the county, offer a good foundation for joint action.
- ◆ Two tough issues are still outstanding: one is getting the private sector to step up and meet the obligations we need to make for a successful permitting process, and the other is up front investment on something like wetlands banking.
- ◆ For wetlands banking to be successful in advance of development two things are required: First, it requires a significant amount of money laid-out up front, and second, there has to be State and federal cooperation.
- ◆ By taking care of development constraints up front then the county can get a new business from permit application to construction in 60 days.
- ◆ It's really a matter of resources. The permitting process is expensive since the county has State and federal laws that must be met.
- ◆ When the public makes expensive investments in infrastructure it needs to get that investment back through tax mechanisms. However, public sector financial resources for those investments are limited.
- ◆ Another issue is how Clark County can capitalize on its proximity to Portland International Airport. PDX is a tremendous advantage for us. We get a lot of the benefit from their investment. There are businesses locating on the Oregon side of the river who have a lengthier access to the airport than we have from Clark County. As far as an international airport on this side of the river, the airline industry doesn't consider that idea economically viable.
- ◆ Key elements that brought businesses to Clark County include the manufacturing base that already exists, the proximity of PDX, and access to the Portland metropolitan area which helps recruitment.
- ◆ Permit processing timelines are critical to new business recruitment. If jurisdictions in the county don't address how quickly businesses can get approvals, then businesses won't come here. The SEPA process, in particular, is a real concern. None of the rest matters, the schools, the airport, the city, none of it will matter if you can't get the approval fast enough. They'll just say forget it.
- ◆ I-205 has the easiest access to PDX, but a lot of the land in that corridor has already been built. The question becomes where can we find vacant land, properly zoned, so we can get better access for businesses along the I-5 and I-205 corridors.



- ◆ There is a gross underdevelopment of the health care workforce. We have an opportunity through this plan to support the expansion of health care workforce development here in Clark County.
- ◆ When it comes to the workforce there is a reason we have so many commuters to Oregon. Mainly because we have a tremendous advantage in the area of residential development. We've done a great deal more than the Metro side has in supporting residential development in the region.
- ◆ Oregon's subsidies for targeted industries has also made a difference in creating jobs over there. However, those tax incentives, which are shorter term, aren't enough to justify why a business would locate there as opposed to here. Although Washington hasn't done a whole lot to provide tax incentives, for most business types there is still a comparative tax advantage in Washington over Oregon.
- ◆ Portland, Oregon is also a name that has national

familiarity. Vancouver, Washington does not. People find out about Vancouver after they look at Portland.

- ◆ CREDC and our business community should take a lot of credit for Clark County's remarkable growth during the 1990s.
- ◆ It is important that we pay attention to what's going on in the Metro region and their policies. Metro has publicly stated that residential development can just come over to Clark County for relief. We need to start influencing Metro to make policy decisions that are good for them and good for Clark County.
- ◆ Transportation issues are an area where we have a lot of mutual interest and cooperation. Metro is increasingly aware that their policies, which build jobs but not houses, create greater pressures for commuters going into Oregon and that they end up bearing the infrastructure and social costs of that. Granted, they get an awful lot of benefit from the 9% income tax.
- ◆ The public and private sectors need to better understand the way each other operates. It isn't as simple in the public sector as the private sector would hope.
- ◆ We have a B&O tax in the State of Washington and they don't have a B&O tax in the State of Oregon. There's an income tax in the State of Oregon but it doesn't cost them as much because B&O is on the gross. We have constitutional prohibitions against lending the State's credit and Oregon doesn't. So there are a lot of differences between how the State of Washington operates and the State of Oregon.
- ◆ It seems like in the past the State has been mostly focused on the needs of the Puget Sound area, but now the call to action is happening throughout Washington.
- ◆ The difference between Washington's tax laws and Oregon's puts Clark County at a recruitment disadvantage.
- ◆ A year ago the Washington Governor created a Competitiveness Council to address tax structure issues, regulatory issues, transportation, permitting, and infrastructure. The Council developed 72 recommendations. Washington still has a long way to go, but its new statewide economic development strategy, supported by regional and local economic

development strategies, will make a positive difference.

- ◆ The State has identified key industries that it will be focusing on in the coming years and they complement very well Clark County's economic development strategy.
- ◆ Clark County has struggled with its identity and not wanting to just be Portland's bedroom community.
- ◆ Which facets of being part of Portland are advantageous because we're part of a region, and which parts do we want to keep on this side of the river to keep our identity? We can take the opportunity to filter through it and decide which ones to capitalize on.



Light industrial development

- ◆ Had Clark County been located in Oregon then it would probably have a much more diverse economic base than we see today, as well as considerably more higher educational institutions. It's because of the policies being decided in Washington that our development is not the same as across the river.
- ◆ There are some trade-offs that are going to have to be made. One example is the debate going on right now regarding the real estate excise tax. Do we use that for parks, do we use it for economic development, or do we find some sort of combination? With fewer resources available we need to prioritize where we want to make our initial investments and we'll have to make trade-offs.
- ◆ One thing that Oregon does not have, and that Washington does, is a concurrency requirement. In fact, Oregon jurisdictions are prohibited from turning down development because of congestion because they realistically expect congestion.

Washington State law says we have to set standards for a level of acceptable congestion. That's the trouble along the 134th Street corridor. If we don't want congestion then we need to spend money on it. There aren't a lot of other ways around it.

- ◆ We have to fix the 134th Street corridor (at a cost over \$100 million) or we have to scrap concurrency altogether before we even begin to discuss critical steps in implementation of this strategy. If referendum 51 passes this fall it will generate about half the money needed to fix the corridor. The rest of it will likely come from a tax revenue source since it is unlikely we will make that a toll road.
- ◆ We should consider the use of ports and local improvement districts and some other techniques that we've previously not done in countywide economic development.
- ◆ Somewhere there is a trade-off, and somewhere it will cost the tax payers more money in order for the county to develop the necessary infrastructure.
- ◆ The discussion that we need to have in this community is to determine what level of congestion is acceptable.
- ◆ K through 12 education in Clark County is awesome, but there are concerns about the next level of education in this area. The WSUV campus is great for those people who want that kind of opportunity, but there needs to be something for people in Clark County who want to go to a regular four-year college out of high school. It might take ten years, but if we don't start on that vision now it won't happen in ten years.
- ◆ Two things need additional attention: One is global competition. Businesses are looking to outsource things like IT to India and other countries. As we

look at the retention side of this strategy we need to figure out ways to keep that work here. The other thing is that we're moving ahead, but how can we keep going in this direction? We need an emphasis on speed and an ability to adjust to the changing economic environment.

- ◆ The State stands ready to work with Clark County. There are many ways the State can work with Clark County and its businesses on infrastructure, marketing, and permit processing issues.
- ◆ It's not an issue of jobs vs. the environment. It's not an issue of economic development vs. parks. We should not be willing to give up one to get another. We're going to need all of this to make a comprehensive community, not just someplace where business is successful, but also a place where we still will want to live. It's going to be difficult. We'll all need to be up forward and honest about how we're going to measure and balance all those things against each other.



Economic Development Conference 2002